
From Brent Sawyer
Sent Thursday January 08 2015 1 08 PM
To Aaron Myers
Subject RE SRO correction term assignment

Just spoke with Randy Howard over at Nearburg We are going to postpone getting together until we finally get all those SRO opinions in since until that happens there isn't really much to talk about

From Brent Sawyer
Sent Thursday January 08 2015 10 36 AM
To Aaron Myers
Subject RE SRO correction term assignment

Aaron

I think we should probably cancel the meeting this afternoon over at Nearburg since there is really nothing to do other than maybe update them on where everything stands

- 1) I'm still waiting on Shaun to approve the form to amend the 3 farmout agreements (cluster state way south honey graham) to include the form of BIAPO re assignment (which has been agreed to)
- 2) Still waiting on getting the SRO opinions
- 3) I think we have agreed on the form of the SRO correction term assignment which ties the term of Nearburg's SRO assignment to the Unit JOA (instead of the Unit Agreement) but we need the opinions to figure out how (or if) we want to handle the incorrect calculation of their ORR in the former unit area

Thanks
Brent

From Aaron Myers
Sent Tuesday January 06 2015 10 06 AM
To Brent Sawyer
Subject RE SRO correction term assignment

Sure thing Tomorrow afternoon will work best Thanks

Aaron Myers | Senior Landman – NM Delaware Basin |
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From Brent Sawyer
Sent Tuesday, January 06, 2015 10 05 AM
To Aaron Myers
Subject RE SRO correction term assignment

NMOCC CASE Nos 15441 15481 15482
NEX SRO2 LLC AND SRO3 LLC
Exhibit No 60
February 28 2017

Have a meeting with Randy Howard over at Nearburg scheduled for this Thursday at 3pm I ll get a list of everything we need to get resolved and we can look at it sometime tomorrow to see if you need to come?

Thanks
Brent

From Randy Howard [<mailto:rhoward@nearburg.com>]
Sent Tuesday, December 23, 2014 3:20 PM
To Brent Sawyer; Aaron Myers
Cc John Turro
Subject RE: SRO correction term assignment

Brent

I hope you have a Merry Christmas and a Happy New Year. I will also be in the office next week if you need to talk. Otherwise, I will look forward to getting together on January 8th at 3pm.

Thank you

Randy

From Brent Sawyer [<mailto:BSawyer@concho.com>]
Sent Tuesday, December 23, 2014 3:15 PM
To Randy Howard
Cc Aaron Myers
Subject RE: SRO correction term assignment

Randy

Well, another holiday is upon us already and we still need to straighten this all out. Let's get together again and nail it down? January 8th at 3pm?

Also, we've got another well that has paid out that Nearburg has an option for a BIAPO. One of the 1.5 mile Honey Graham wells in sections 29+32 26S 28E. I'll be in the office next week Mon and Tues so I should be able to get the official letter in the mail then. It will have a 60-day election period per the farmout (attached) so there is no rush.

This Honey Graham farmout uses the same form as the Cluster State and Way South ones, so I expect we will want to amend it to add the BIAPO re-assignment form like we are on the others. I'll also try to do some research next week to see if I can find any other places this form got used so we can knock them all out at once.

Thanks
Brent

From Randy Howard [<mailto:rhoward@nearburg.com>]
Sent Tuesday, November 25, 2014 3:30 PM
To Brent Sawyer
Cc Aaron Myers
Subject RE: SRO correction term assignment

Brent

It sounds like we are in agreement in that this is a mess that we are going to have to try to fix despite the fact that neither of us had anything to do with creating it. That said, I hope you have a Happy Thanksgiving as well. Let's touch base after the turkey's been put away and see if we can reach some sort of agreement that suits both sides.

Thanks again

Randy

From Brent Sawyer [mailto:BSawyer@concho.com]
Sent Tuesday, November 25, 2014 3:22 PM
To Randy Howard
Cc Aaron Myers
Subject RE: SRO correction term assignment

Randy

I was thinking we could address this later, but I think you are correct and it would be better to address this issue now and stipulate, especially considering I think the JOA exhibit calculated the override incorrectly. It was an easy mistake to make and long story short:

When the unit was formed, your ORR was calculated as
 $(1/4 \cdot 1/6) \times (320/6424 \cdot 80592) = 0.00415092$ (shown on exhibit A to JOA)

However, I think it should have been
 $(1/4 \cdot 1/6) \times (320/7360) = 0.00362319$

The first uses the net (6424) acres; the second is the gross (7360).

I realize this probably doesn't affect you, but contrary to the JOA Exhibit A, the term assignment was to Marbob, not to all parties proportionately. I can't find any evidence that any of the other parties consented to take their proportionate share of your term assigned interest, nor that Marbob even offered it. Since the pref right is struck from the JOA, this is going to be an interesting problem to untangle. The reason I mention it is that it's possible that we might want to add the other parties as grantors, but I don't think we will want to open that can of worms.

I'll get together with Aaron next week and hopefully we can get a plan together.

I hope you have a great Thanksgiving. I know I'm looking forward to a little vacation!

Thanks
Brent

From Randy Howard [mailto:rhoward@nearburg.com]
Sent Tuesday, November 25, 2014 1:13 PM
To Brent Sawyer
Subject FW: SRO correction term assignment

Brent

The way I read the Correction Term Assignment Nearburg would own an overriding royalty as allocated under the JOA However the JOA states Nearburg owns a 0 00415092 ORI in all wells Please confirm how COG plans to allocate per the JOA and not pay based on the interest set out therein We are not trying to complicate matters but feel we need to stipulate exactly what we own or will own after executing the Corr Term Asgmt

Thank you

Randy

From Brent Sawyer [mailto:BSawyer@concho.com]
Sent Monday November 24 2014 7 40 AM
To Randy Howard
Subject RE SRO correction term assignment

Randy

Here you go!

Also seems I forgot to mention that the body of the form is the one you have seen before When we spoke in our meeting a few weeks ago you said it was ok

Thanks
Brent

From Randy Howard [mailto:rhoward@nearburg.com]
Sent Friday November 21 2014 3 53 PM
To Brent Sawyer
Cc Aaron Myers
Subject RE SRO correction term assignment

Brent

I am working on this but have hit a snag myself It appears Nearburg never received a copy of the SRO Unit Operating Agreement Is there any way you could have someone scan a copy and forward it to my attention?

Thank you

Randy Howard
Land Manager
Nearburg Producing Company
432 818 2914 (direct line)
432 599 0382 (cell)

From Brent Sawyer [mailto:BSawyer@concho.com]
Sent Tuesday November 18 2014 11 32 AM
To Randy Howard
Cc Aaron Myers
Subject SRO correction term assignment

Randy

Attached you should find the form of correction assignment we hope you will find acceptable. As we discussed a few weeks ago in our meeting, this correction will be to tie the term of the assignment to the Unit Operating Agreement (which will persist as long as any contributed leases persist) instead of to the Unit Agreement (already voluntarily dissolved). I think everything should be acceptable except there are probably some changes to the well information requirements on Exhibit A.

If you would like any changes go right ahead but please track them.

Thanks

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